

HOUSE BILL NO. 167

INTRODUCED BY D. HEDGES

A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING CERTAIN ENTITIES FROM THE UNIVERSAL SYSTEM BENEFITS CHARGE; AMENDING SECTION 69-8-402, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 69-8-402, MCA, is amended to read:

"69-8-402. Universal system benefits programs. (1) Universal system benefits programs are established for the state of Montana to ensure continued funding of and new expenditures for energy conservation, renewable resource projects and applications, and low-income energy assistance during the transition period and into the future.

(2) Beginning January 1, 1999, 2.4% of each utility's annual retail sales revenue in Montana for the calendar year ending December 31, 1995, is established as the initial funding level for universal system benefits programs. To collect this amount of funds on an annualized basis in 1999, the commission shall establish rates for utilities subject to its jurisdiction and the governing boards of cooperatives shall establish rates for the cooperatives. Except as provided in subsection (7), these universal system benefits charge rates must remain in effect until July 1, 2003.

(a) ~~The~~ Except as provided in subsection (2)(g), recovery of all universal system benefits programs costs imposed pursuant to this section is authorized through the imposition of a universal system benefits charge assessed at the meter for each local utility system customer as provided in this section.

(b) Utilities must receive credit toward annual funding requirements for a utility's internal programs or activities that qualify as universal system benefits programs, including those portions of expenditures for the purchase of power that are for the acquisition or support of renewable energy, conservation-related activities, or low-income energy assistance, and for large customers' programs or activities as provided in subsection (7). The department of revenue shall review claimed credits of the utilities and large customers pursuant to 69-8-414.

(c) A utility's distribution services provider at which the sale of power for final end use occurs is

1 the utility that receives credit for the universal system benefits programs expenditure.

2 (d) A customer's distribution services provider shall collect universal system benefits funds less
3 any allowable credits.

4 (e) For a utility to receive credit for low-income related expenditures, the activity must have taken
5 place in Montana.

6 (f) If a utility's or a large customer's credit for internal activities does not satisfy the annual
7 funding provisions of subsection (2), then the utility shall make a payment to the universal system benefits
8 fund established in 69-8-412 for any difference.

9 (g) (i) The following entities are exempt from the universal system benefits charge imposed in
10 subsection (2)(a):

11 ~~—— (A) a corporation as defined in 35-2-114;~~

12 ~~(B)(A) a state or local governmental entity, including a local district;~~

13 ~~(C)(B) a long-term care facility as defined in 37-9-101;~~

14 ~~(D)(C) hospital facilities as defined in 7-34-2102;~~

15 ~~(E)(D) a public school as defined in 20-6-501; or~~

16 ~~(F)(E) a unit of the university system as identified in 20-25-201-; or~~

17 ~~(F) A COMMUNITY COLLEGE AS PROVIDED IN TITLE 20, CHAPTER 15.~~

18 (ii) A utility may take a credit against the utility's initial funding requirement in subsection (2) for
19 an exemption set out in subsection (2)(g)(i) that is within the utility's service territory.

20 (3) Cooperative utilities may collectively pool their statewide credits to satisfy their annual funding
21 requirements for universal system benefits programs and low-income energy assistance.

22 (4) A utility's transition plan must describe how the utility proposes to provide for universal system
23 benefits programs, including the methodologies, such as cost-effectiveness and need determination, used
24 to measure the utility's level of contribution to each program.

25 (5) A utility's minimum annual funding requirement for low-income energy and weatherization
26 assistance is established at 17% of the utility's annual universal system benefits funding level and is
27 inclusive within the overall universal system benefits funding level.

28 (a) A utility must receive credit toward the utility's low-income energy assistance annual funding
29 requirement for the utility's internal low-income energy assistance programs or activities.

30 (b) If a utility's credit for internal activities does not satisfy its annual funding requirement, then

1 the utility shall make a payment for any difference to the universal low-income energy assistance fund
2 established in 69-8-412.

3 (6) An individual customer may not bear a disproportionate share of the local utility's funding
4 requirements, and a sliding scale must be implemented to provide a more equitable distribution of program
5 costs.

6 (7) (a) A large customer:

7 (i) shall pay a universal system benefits programs charge with respect to the large customer's
8 qualifying load equal to the lesser of:

9 (A) \$500,000, less the large customer credits provided for in this subsection (7); or

10 (B) the product of 0.9 mills per kilowatt hour multiplied by the large customer's total kilowatt hour
11 purchases, less large customer credits with respect to that qualifying load provided for in this subsection
12 (7);

13 (ii) must receive credit toward that large customer's universal system benefits charge for internal
14 expenditures and activities that qualify as a universal system benefits programs expenditure, and these
15 internal expenditures must include but not be limited to:

16 (A) expenditures that result in a reduction in the consumption of electrical energy in the large
17 customer's facility; and

18 (B) those portions of expenditures for the purchase of power at retail or wholesale that are for the
19 acquisition or support of renewable energy or conservation-related activities.

20 (b) Large customers making these expenditures must receive a credit against the large customer's
21 universal system benefits charge, except that any of those amounts expended in a calendar year that
22 exceed that large customer's universal system benefits charge for the calendar year must be used as a
23 credit against those charges in future years until the total amount of those expenditures has been credited
24 against that large customer's universal system benefits charges.

25 (8) A public utility shall prepare and submit an annual summary report of the public utility's
26 activities relating to all universal system benefits programs to the commission, the department of revenue,
27 and the transition advisory committee provided for in 69-8-501. A cooperative utility shall prepare and
28 submit annual summary reports of activities to the cooperative utility's respective local governing body,
29 the statewide cooperative utility office, and the transition advisory committee. The statewide cooperative
30 utility office shall prepare and submit an annual summary report of the activities of individual cooperative

1 utilities, including a summary of the pooling of statewide credits, as provided in subsection (3), to the
2 department of revenue and to the transition advisory committee. The annual report of a public utility or
3 of the statewide cooperative utility office must include but is not limited to:

4 (a) the types of internal utility and customer programs being used to satisfy the provisions of this
5 chapter;

6 (b) the level of funding for those programs relative to the annual funding requirements prescribed
7 in subsection (2); and

8 (c) any payments made to the statewide funds in the event that internal funding was below the
9 prescribed annual funding requirements.

10 (9) A utility or large customer filing for a credit shall develop and maintain appropriate
11 documentation to support the utility's or the large customer's claim for the credit.

12 (10) (a) A large customer claiming credits for a calendar year shall submit an annual summary
13 report of its universal system benefits programs activities and expenditures to the department of revenue
14 and to the large customer's utility. The annual report of a large customer must identify each qualifying
15 project or expenditure for which it has claimed a credit and the amount of the credit. Prior approval by the
16 department of revenue or the utility is not required, except as provided in subsection (10)(b).

17 (b) If a large customer claims a credit that the department of revenue disallows in whole or in part,
18 the large customer is financially responsible for the disallowance. A large customer and the large
19 customer's utility may mutually agree that credits claimed by the large customer be first approved by the
20 utility. If the utility approves the large customer credit, the utility may be financially responsible for any
21 subsequent disallowance."

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23 NEW SECTION. **Section 2. Effective date.** [This act] is effective January 1, 2002.

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